

TOWN OF BARRINGTON
CAPITAL ASSETS AND DEPRECIATION POLICIES

General Policy:

The following table depicts the balance sheet classifications of capital asset items, the dollar level at which the items will be capitalized and whether the item is depreciated.

<u>Fixed Asset Classification</u>	<u>Capitalize</u>	<u>Depreciate</u>
Land	All	No
Buildings	All	Yes
Building Improvements	\$10,000	Yes
Building Systems	\$10,000	Yes
Machinery & Equipment	\$10,000	Yes
Heavy Equipment	\$10,000	Yes
Vehicles	\$10,000	Yes
Furniture/Fixtures	\$10,000	Yes
Computer/Communications	\$10,000	Yes
Infrastructure	yearly	Yes
Construction in Process	All	No

Exceptions:

There are certain items that due to their nature should be treated differently. Normal maintenance, even over \$10,000, should not normally appear on asset listing unless there is a substantial change in the value of the asset. Examples are engine replacement to keep a truck working or normal roof replacement that does not substantially increase the value of the item. Assets can also be restated downward due to a substantial unexpected loss of value, for example from wind, fire and flood. While this will be the policy going forward, there are some

exceptions to this on the current schedule that will remain there until circumstances change, for example furniture and furnace at the old Town Hall. Also the Old Town Hall is currently at 30 years but if rebuilt will go to 50 years with a restated value.

Depreciation:

Straight-line method will be used when calculating depreciation, taking into consideration salvage value at the end of the asset's life. No asset can depreciate to \$0, except the infrastructure. This would include the annual paving line since this has an expected life when it will be redone in the future. (Asset manager software in use.)

Depreciation table:

Category	Examples	Depreciable Life
Buildings	Town Hall, Barn, PSB	50 yrs
	Recycling, fuel, pole barn	30 yrs
Building upgrades	boilers, counters, etc	10-30 yrs
Land	Price when acquired –never changes (should be marked map and lot)	none
Dams		30 yrs
Infrastructure	Calculated by Finance Director-yearly (based on Engineer's recommendation) Depreciate to \$0 then is removed	13 yrs
Asset list.		
Vehicles:		
Ambulance		10 yrs
Code Enforcement		10 yrs
Cruisers		6 yrs
Dump/Plow Truck		10-25 yrs
Fire Truck	Van, forestry truck, Fire engine	20-25 yrs
1 –Ton pickups		10 yrs
Motorcycle		6 yrs

Heavy Equipment	Backhoe, tractor, chipper	15-25 yrs
Compactors		10 yrs

Misc Equipment	Expected life and salvage value by department head. Examples: thermal Imaging, cardiac monitors, Hurst tool, furniture, generators, etc.
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Inventory data should be collected and kept by departments, for example police weapons will be inventoried by Police Department.